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GOVERNMENT OF INDIA

MINISTRY OF WORKS, MINES AND POWER

NOTIFICATION

New Delhi, the 27th December 1949

No. M.II-152(17).—In exercise of the powers conferred by Section 5 of the Mines and Minerals (Regulation and Development) Act, 1948 (LIII of 1948), the Central Government is pleased to make the following rules regulating the grant of exploring and prospecting licences and mining leases for petroleum and natural gas which belong to Government —

THE PETROLEUM CONCESSION RULES, 1949

CHAPTER I

General

1. Short title, extent and commencement.—(i) These rules may be called the Petroleum Concession Rules, 1949.

(ii) They shall come into force on the fifth day of January, 1950.

2. Saving of Act of 1934.—Nothing in these rules shall affect the provisions of the Petroleum Act, 1934.

3. Definitions.—In these rules, unless there is anything repugnant in the subject or context—

“petroleum”, wherever the word occurs, includes also natural gas

“Indian citizen” means any individual who is either a British subject domiciled in India or the Ruler or subject of an Acceding State;

“Provincial Government” includes the Government of an Acceding State to which these rules apply and all references to a Province shall be so construed as references also to such Acceding State;

“railway” and “Railway Administration” have the meaning respectively assigned to them in the Indian Railways Act, 1890;

“geophysical survey” means the search by instruments for the presence of suitable underground geological structures and includes the sinking of bore holes for detonating explosives necessary for the purpose, ~~but~~ not the drilling of deep core holes or the sinking of trial shafts trenches, or other kinds of large and deep excavations connected with prospecting as defined hereinafter;

“prospecting” means the operations necessary to ascertain whether any geological structures favourable for accumulation of oil are present and are capable of yielding petroleum or natural gas in commercially workable quantities. It includes the drilling of deep test wells in such number as would be necessary to verify the geological structure of the oil and gas bearing formations and their productive extent;

“exploring license” means a license conferring the sole right on the licensee to search, by geological or geophysical surveys, for oil bearing formations and their underground structure and includes trenching, pitting and drilling of core holes for geological information, but not test drilling for petroleum;

“prospecting license” means a license conferring the sole right on the licensee to conduct all or any of the operations included under prospecting;

“mining lease” means a lease conferring the sole right on the lessee to mine, bore, dig, drill, search for, win, work and extract in any quantity, petroleum or natural gas and carry away the crude or refined products as provided in these rules.

CHAPTER II

Certificate of Approval for Petroleum

4. Grant of Certificate of Approval for Petroleum.—A Certificate of Approval for Petroleum shall be granted only by a Provincial Government and shall be valid for the whole of the Province.

5. Persons to whom Certificate may be granted.—A Certificate of Approval for Petroleum may be granted to any person, who in the opinion of the Provincial Government, is financially and technically competent to carry on the operations of searching for, drilling and producing petroleum and natural gas in a proper workmanlike manner according to the standards of modern oilfield practice.

6. Application for Certificate of Approval for Petroleum.—An application for the grant or renewal of a Certificate of Approval for Petroleum shall be submitted to the Provincial Government. An application for the grant of such a certificate shall contain the following particulars:—

- (a) (i) If the applicant is an individual, his name, nationality, profession and residence; and
- (ii) If the applicant is a company, syndicate, partnership or private firm, its name, nature and place of business, and if the place of business is outside India, the name and residence of a member or duly authorised agent resident in India;
- (b) a statement showing the previous experience of the applicant in the search for and development of petroleum and such other particulars as may be necessary to satisfy the Provincial Government of the applicant's financial and technical competence to hold the certificate.

7. Period of Certificate of Approval for Petroleum.—(1) A Certificate of Approval for Petroleum shall have effect from the date on which it is granted and shall expire at midnight on the 31st December next following:

Provided that a Certificate issued in the last quarter of the year shall be valid until 31st December of the year next following.

(2) Only one person shall be named in the certificate and the fee payable for the grant thereof shall be Rs. 500 (Rupees five hundred).

8. Renewal of Certificate of Approval for Petroleum.—A Certificate of Approval for Petroleum may be renewed on payment of a fee of Rs. 250 if the application for renewal is received within three months of the date of expiry of the certificate. After expiry of three months no renewal shall be granted but an application for a fresh certificate may be made.

9. Notification of grant of Certificate of Approval for Petroleum.—The name and address of the person to whom Certificate of Approval for Petroleum has been granted or renewed shall be published by the Provincial Government in its official gazette.

10. Holder of a concession need not renew his certificate.—The expiry of a Certificate of Approval for Petroleum shall not affect the validity of a license or lease already granted to the holder of such a certificate, or the right of the holder of an exploring license to apply for or obtain a prospecting license or a mining lease or the right of the holder of a prospecting license to apply for or obtain a mining lease.

CHAPTER III

Exploring License

11. Eligibility.—An exploring license shall be granted only with the approval of the Central Government and only to a person holding a Certificate of Approval for Petroleum from the Provincial Government having jurisdiction over the land in respect of which the concession is required.

12. Application for exploring license.—An application for an exploring license shall be made to the Provincial Government concerned and shall contain the following particulars—

- (a) (i) If the applicant is an individual, his name, profession, residence and nationality;
- (ii) If the applicant is a company, syndicate, partnership or private firm, its name, nature and place of business; and if the place of business is outside India, the name and residence of a duly authorised agent resident in India;
- (b) the number and date of the notification of granting or renewing the Certificate of Approval for Petroleum to the applicant;
- (c) whether the applicant proposes to employ any commercial firm for purposes of geophysical survey and if so, the name of the firm, its place of registration or incorporation and its experience in the carrying out of geophysical surveys;
- (d) a description, illustrated by a map or plan showing as accurately as possible the situation, boundaries and area of the land in respect of which the license is required;
- (e) the period for which the license is required.

13. Application fee.—Every application for an exploring license shall be accompanied by a fee of Rs. 1 000 (Rupees one thousand).

14. Acknowledgement of application.—On receipt of the application the receiving officer shall note thereon the date and hour of its receipt, and shall give to the applicant an acknowledgement stating the date and time of receipt.

15. Provincial Government may grant or refuse a license.—(1) Subject to rule 11, the Provincial Government may grant or refuse the license.

(2) In case of refusal intimation of the same shall be given to the applicant in writing and the fee paid under rule 13 shall be refunded.

16. Priority.—If more than one application regarding the same land is received, preference shall be given to the application received first, unless the Provincial Government, for any special reason, and with the approval of the Central Government, decides to the contrary.

17. Security Deposit.—The applicant shall, before the license is issued to him, deposit as security for due observance of the terms and conditions of the license a sum of Rs. 50 per 100 sq. miles, or part thereof of the area covered by the license, subject to a minimum of Rs. 2,000 (Rupees two thousand).

18. Register of exploring licenses.—A register of applications for exploring licenses shall be maintained by the Provincial Government specifying:—

- (1) Serial Number;
- (2) Name of the applicant,
- (3) Residence of the applicant;
- (4) Date and Number of the Certificate of Approval for Petroleum granted to the applicant,
- (5) Date of application,
- (6) Situation and boundaries of the land,
- (7) Estimated total area,
- (8) Date of grant of the license,
- (9) Period for which granted, renewed or extended,
- (10) Exploring fee payable;
- (11) Amount of security deposits;
- (12) Particulars of disposal or refund of deposit;
- (13) Date of assignment or transfer of the license, if any, and fees paid therefor and the names of the parties thereto.
- (14) Date of application for prospecting license or mining lease (if any).

19. Inspection of Register.—The register shall be open for inspection by any holder of a valid Certificate of Approval for Petroleum or of an exploring or prospecting license or mining lease for petroleum, or his duly authorised agent, on payment of such fee as the Provincial Government may fix.

20. Period of grant or renewal of a prospecting license. (1) The term for which an exploring license may be granted shall be two years, but may be shorter if the applicant himself so desires. The licensee shall be entitled to two renewals of one year each, but the Provincial Government, with the prior approval of the Central Government, may decline to grant him one or both renewals.

(2) If the licensee, before the termination of the period of his license, applies for the grant of a prospecting license or a mining lease, the period shall be further extended till the prospecting license or the mining lease, as the case may be, is granted.

21. Conditions of an exploring license.—Every exploring license shall, in addition to such other conditions as may be found necessary in any particular case, contain the following conditions:—

- (i) The licensee shall pay annually in advance, an exploring fee of Re. 1 per sq. mile of land covered by the license for each year or portion of a year for which the license is granted.

- (ii) The license shall not confer upon the licensee any right to win or carry away petroleum:

Provided that for experimental purposes, the licensee may carry away petroleum from the surface seepages, if any, up to a maximum quantity of 1,000 gallons, free of royalty.

- (iii) The licensee shall make reasonable satisfaction and pay such compensation as may be assessed by lawful authority in accordance with the law on the subject applying to lands over which the license has been granted, for any damage, injury or disturbance which may be done by him in exercise of the powers granted by the license, and shall indemnify the Government against all claims which may be made by third parties in respect of any such damage, injury or disturbance.
- (iv) The licensee shall not, without the permission in writing of the proper authority, cut or injure any tree on unoccupied and unreserved land nor disturb the surface of any road, or enter on any public, pleasure ground, burning or burying ground or place held sacred by any class of persons or interfere with any right-of-way, well or tank.
- (v) The licensee may, with the previous consent of the Provincial Government, which shall be subject to the approval of the Central Government, transfer his license or any right or interest therein to a person, holding a Certificate of Approval for Petroleum, on payment to the Provincial Government of a fee of rupees one hundred.
- (vi) The licensee shall not be controlled by any Trust, Syndicate, Corporation, firm or person, except with the written consent of the Provincial Government, which shall be subject to the approval of the Central Government.
- (vii) The licensee shall be at liberty to determine the license or surrender or relinquish any part of the licensed area on giving not less than one month's notice in writing to the Provincial Government.
- (viii) In case of breach of any of the conditions of the license by the licensee or his transferee or assignee, the Provincial Government may, where it is satisfied that the breach is such as cannot be remedied, on giving thirty days' notice to the licensee or his transferee or assignee, forfeit the whole or part of the deposit made under rule 17 or determine the license. In case the Provincial Government considers the breach to be of a remediable nature it shall give notice to the licensee, transferee or assignee, as the case may be, requiring him to remedy the breach within thirty days from the date of receipt of the notice, and informing him of the penalty proposed to be inflicted if such remedy is not made within such period:

Provided that if the licensee or his transferee or assignee claims that he has not committed any such breach, or that the penalty proposed therefor is unduly severe, or that the breach is of a remediable nature, he may submit the dispute to arbitration as provided in rule 64, within thirty days from the date of receipt of the notice and if he does so, the Provincial Government shall

not take any action under this clause till the award of the arbitration is announced, and, in case the arbitrators or the umpire find that a breach has been committed and that it is of a remediable nature, the thirty days' time for remedying the same shall run from the date of announcement of the award

- (ix) Save in the case of land over which the licensee has been granted a prospecting license or mining lease, he shall, within three months following the determination of the license or the date of abandonment of the undertaking whichever shall occur first, securely plug any bore holes and fill up or fence any excavations or ditches that he may have made on the land

Provided that he shall not be required to restore that surface of the land in respect of which full and proper compensation has already been paid under condition (iii) above

22 **Operations within a reserved or protected forest.**—All operations conducted under the authority of these rules within a reserved or protected forest shall be subject to such conditions as the provincial Government may prescribe.

23. **Right to prospecting license.**—On or before the determination of his license, the licensee shall have the exclusive right to a prospecting license for petroleum or natural gas over such part of the land covered by the license as he may desire, but subject to the rules in force at the time of grant to him of the exploring license.

24. **Reports of information obtained by licensee.**—The licensee shall, before the deposit made under rule 17 is returned to him, submit confidentially to the Provincial Government a full report of the work done by him, and disclose all information acquired in the course of the operations carried on under the license, regarding the geology and mineral resources of the area covered by the license

CHAPTER IV

Prospecting License

25 **Eligibility.**—A prospecting license shall be granted only with the approval of the Central Government and only to a person,

- (1) holding a Certificate of Approval for Petroleum from the Provincial Government having jurisdiction over the land in respect of which the concession is required, or
- (2) referred to in rule 10

26. **Application for prospecting license.**—An application for a prospecting license shall be made to the Provincial Government concerned and shall contain the following particulars:—

- (a) (i) If the applicant is an individual, his name, nationality, profession and residence; and
- (ii) If the applicant is a company, syndicate, partnership or private firm, its name, nature and place of business; and if the place of business is outside India, the name and residence of a member or duly authorised agent resident in India;
- (b) the number and date of the notification granting or renewing the Certificate of Approval for Petroleum to the applicant;

- (c) a description, illustrated by a map or plan showing as accurately as possible the situation, boundaries and area of the land in respect of which the license is required;
- (d) the period for which the license is required;
- (e) whether the applicant holds or held an exploring license over the land for which the prospecting license is required by him, and if so, the particulars thereof.

27. Application fee.—Every application for a prospecting license shall be accompanied by a fee of Rs. 2,000 (Rupees two thousand)

28 Acknowledgement of application.—On receipt of the application the receiving officer shall note thereon the date and time of its receipt and shall give the applicant an acknowledgement stating the date and hour of receipt.

29 Provincial Government may grant or refuse a license.—(1) Subject to rules 23 and 25, the Provincial Government may grant or refuse the license

(2) In case of refusal intimation of the same shall be given to the applicant in writing and the fee paid under rule 27 shall be refunded

30 Priority.—Subject to rule 23, if more than one application regarding the same land is received, preference shall be given to the application received first, unless the Provincial Government, for any special reason, and with the approval of the Central Government, decides to the contrary

31. Security deposit.—The applicant shall, before the license is issued to him, deposit as security for due observance of the terms and conditions of the license, a sum of Rs. 50 for each square mile or part thereof covered by the license subject to a minimum of Rs. 5,000 (Rupees five thousand).

32. Register of Prospecting Licenses.—A register of prospecting licenses shall be maintained by the Provincial Government, specifying:—

1. Serial Number;
2. Name of the applicant,
3. Residence of the applicant,
4. Date and number of Certificate of Approval for Petroleum granted to the applicant;
5. Date of application;
6. Situation and boundaries of the land,
7. Estimated total area;
8. Date of grant of the license;
9. Period for which granted, renewed or extended;
10. Prospecting fee and royalty;
11. Amount of security deposit;
12. Particulars of disposal or refund of security deposit,
13. Date of assignment or transfer of the license, if any, and the fees paid therefor and the names of the parties thereto.

33. Inspection of Register.—The register shall be open for inspection by any holder of a valid Certificate of Approval for Petroleum or an exploring or prospecting license, or a mining lease for petroleum, or his duly authorised agent, on payment of such fee as the Provincial Government may fix.

34. **Period of grant of renewal of a prospecting license.**—(1) The period for which a Prospecting License may be granted shall be three years but may be shorter if the applicant himself so desires. The licensee shall be entitled to two renewals of one year each, but the Provincial Government may, for special reasons and with the prior approval of the Central Government, decline to grant one or both the renewals.

(2) The Provincial Government may, in cases where the licensee holds prospecting licenses over two or more geologically related areas, on the advice or with the approval of the Central Government, extend the period referred to in 1) above by such further period as may be considered necessary.

(3) If the licensee, before the termination of the period of his license, applies for the grant of a mining lease, the period shall be further extended till the mining lease is granted.

35. **Conditions of Prospecting License.**—Every license shall, in addition to such other conditions as may in any particular case be found necessary contain the following conditions:—

- (i) The licensee shall pay annually, in advance, such prospecting fee as may be fixed by the Provincial Government, not less than eight annas and not more than Re 1 per acre of the land covered by the license, for each year or portion of a year of the term for which the license is granted. When a license is renewed, the prospecting fees shall be fixed by the Provincial Government, subject to a minimum of Re 1 per acre but not exceeding the following rates:—

Re 1/4/- for 1st year of renewal;	} per acre
Re 1/8/- for 2nd year of renewal;	
Re 1/12/- for 3rd year of renewal;	
Rs 2 for 4th and subsequent years of renewal	

- (ii) The license shall not confer upon the licensee any right to win or carry away petroleum for commercial purposes

Provided that he may carry away—

- (a) any quantity upto 4,000 gallons without any payment, and
 (b) Any quantity exceeding the above which is incidental to prospecting, on payment of royalty at the rates specified in Schedule I.
- (iii) The licensee shall make reasonable satisfaction and pay such compensation as may be assessed by the lawful authority in accordance with the law in force on the subject applying to the lands over which the license has been granted, for any damage, injury or disturbance which may be done by him in exercise of the powers granted by the license and shall indemnify the Government against all claims which may be made by third parties in respect of any such damage injury or disturbance
- (iv) The licensee shall not cut or injure any tree on unoccupied and unreserved land without the permission in writing of the proper authority, nor disturb the surface of any road, or enter on any public pleasure ground, burning or burying ground or place held sacred by any class of persons, or interfere with any right-of-way, well or tank.
- (v) The licensee may, with the previous consent of the Provincial Government, which shall be subject to the approval of the Central Government, transfer his license or any right or interest therein to a

person holding a Certificate of Approval for Petroleum on payment to the Provincial Government of a fee of rupees two hundred.

- (vi) The licensee shall not be controlled by any Trust, Syndicate, Corporation, firm or person, except with the written consent of the Provincial Government, which shall be subject to the approval of the Central Government.
- (vii) The licensee shall be at liberty to determine the license or surrender or relinquish any part of the licensed area on giving not less than three calendar months' notice in writing to the Provincial Government.
- (viii) In case of breach of any of the conditions of the license by the licensee or his transferee or assignee, the Provincial Government may, where it is satisfied that the breach is such as cannot be remedied, on giving thirty days' notice to the licensee or his transferee or assignee, forfeit the whole or part of the deposit made under rule 3, or determine the license. In case the Provincial Government considers the breach to be of a remediable nature, it shall give notice to the licensee, or his transferee or assignee, as the case may be, requiring him to remedy the breach within thirty days from the date of receipt of the notice informing him of the penalty proposed to be inflicted if such remedy is not made within such period:

Provided that if the licensee or his transferee or assignee claims that he has not committed any such breach, or that the penalty proposed therefor is unduly severe or that the breach is of a remediable nature, he may submit the dispute to arbitration as provided in rule 64 within thirty days from the date of receipt of the notice, and if he does so, the Provincial Government shall not take any action under this clause till the award of the arbitration is announced, and in case the arbitrators or the umpire find that a breach has been committed and that it is of a remediable nature, the thirty days' time for remedying the same shall run from the date of announcement of the award.

- (ix) Save in the case of land over which the licensee has been granted a mining lease on or before the determination of his license he shall, within six months following the determination of the license or the date of abandonment of the undertaking, whichever shall occur first, securely plug all bore holes and fill up or fence all excavations that he may have made in the land and shall restore the surface of the land and all buildings thereon which may have been damaged in the course of prospecting:

Provided that the licensee shall not be required to restore the surface of the land or any buildings in respect of which full and proper compensation has already been paid under condition (iii) above.

36. Operations within a reserved or protected forest.—All operations conducted under the authority of these rules within a reserved or protected forest shall be subject to such conditions as the Provincial Government may prescribe.

37. Right to a mining lease.—On or before the determination of his license, the licensee shall have the exclusive right to a mining lease or leases for petroleum or natural gas over such part of the land covered by the license as he may desire, but subject to the rules in force at the time of grant to him of the exploring license, if any, or the prospecting license.

38. Reports of information obtained by licensee.—The licensee shall, before the deposit made under rule 31 is returned to him or transferred to any other

account, submit confidentially to the Provincial Government a full report of the work done by him, and disclose all information acquired in the course of the operations carried on under the license, regarding the geology and mineral resources of the area covered by the license

CHAPTER V

Mining Lease.

39. Eligibility.—A mining lease shall be granted only with the approval of the Central Government and only to a person:

- (i) holding a Certificate of Approval for Petroleum from the Provincial Government having jurisdiction over the land in respect of which the concession is required, or
- (ii) referred to in rule 10

40. Application for mining lease.—An application for mining lease shall be made to the Provincial Government concerned and shall contain the following particulars —

- (a) (i) If the applicant is an individual, his name, nationality, profession and residence
- (ii) If the applicant is a company, syndicate, private firm or partnership, its nature and place of business and if the place of business is outside India, the name and residence of a member or duly authorised agent resident in India;

The number and date of the notification granting or renewing of the Certificate or Approval for Petroleum to the applicant;

- (c) A description, illustrated by a map or plan, showing as accurately as possible, the situation, boundaries and area of the land in respect of which the lease is required.
- (d) The period for which the lease is required;
- (e) Particulars of any other mining lease for petroleum held by the applicant in any other Province;
- (f) Whether the applicant holds or held an exploring or a prospecting license over land for which the mining lease is required and if so, the particulars thereof.

41. Application fee.—The application shall be accompanied by a fee of Rs 5,000 (Rupees five thousand). If, subject to rule 37, the Provincial Government refuses to grant the lease applied for, the fee shall be refunded

42. Acknowledgement of applications.—On receipt of the application, the receiving officer shall note thereon the date and time of its receipt and shall give to the applicant an acknowledgement stating the date and time of receipt.

43. Priority.—Subject to rule 37, if more than one application regarding the same land is received, preference shall be given to the application received first, unless the Provincial Government, for any special reason, and with the approval of the Central Government, decides to the contrary.

44. Area of mining lease.—A mining lease may be granted for such area as may be desired by the applicant, but subject to the condition that no mining lease shall be granted under these rules so as to cause the total area held under mining lease for petroleum by the lessee himself or with any person joint in interest with him to exceed 1,000 sq. miles within India.

45. Security Deposit.—The applicant shall, before the lease is issued, deposit as security a sum of Rs 20,000 (Rupees twenty thousand) for the due observance of the terms and conditions of the lease

46. Deposit for preliminary expenses.—The applicant shall, before the lease is issued, also deposit for meeting the preliminary expenses, such sum, not exceeding Rs 2,000 (Rupees two thousand), as the Provincial Government may determine.

47. Local Government to order an accurate survey of the lease area.—When a lease is granted by the Provincial Government, arrangement shall be made at the expense of the lessee for the survey and demarcation of the area granted under the lease.

48. Register of mining leases.—A register of applications for mining leases shall be maintained by the Provincial Government specifying—

- (1) Serial Number,
- (2) Name of the applicant;
- (3) Residence of the applicant;
- (4) Date and Number of Certificate of Approval for Petroleum granted to the applicant,
- (5) Date of application;
- (6) Situation and boundaries of the land;
- (7) Estimated total area
- (8) Date of grant of the lease;
- (9) Period for which granted, renewed or extended;
- (10) Dead rent and royalty payable;
- (11) Particulars of the refund or disposal of the deposits made under rules 45 and 46.
- (12) Date of assignment or transfer of the lease, if any, and fees paid therefor and the names of the parties thereto.

49. Inspection of Register.—The register shall be open to inspection by any holder of a Certificate of Approval for Petroleum or an exploring or prospecting license or a mining lease for petroleum, or his duly authorised agent, on payment of such fee as the Provincial Government may fix

50. Transfer of Lease.—The lessee may, with the previous sanction of the Provincial Government, which shall be subject to the approval of the Central Government, and subject to the provision of rule 45, transfer his lease or any right or interest therein to a person holding a Certificate of Approval for Petroleum, on payment of a fee of Rs. 500 to the Provincial Government.

51. Period of lease.—(1) The period for which a mining lease may be granted shall be thirty years, unless the applicant asks for a shorter period, and the lease shall be renewable at the option of the lessee for such period as the lessee may desire, but not exceeding the period of the original lease.

(2) When a renewal is granted, royalty, dead rent and surface rent shall be charged at the rates in force at the time of the renewal.

52 Refining of Crude Oil.—The Central Government may require that a mining lease shall contain a condition that any crude petroleum produced by the lessee shall not be exported from India until it has been converted into refined products.

Provided that in any case in which it is proved to the satisfaction of the Central Government that any practical or economic difficulty is involved in giving effect to this rule, it may pass such order or take such action as it deems fit to remove such difficulty.

Provided further that the lessee shall not at any time be required to refine in India more crude oil than is sufficient to meet India's total indigenous requirements at that time, and the decision of the Central Government as to what quantity is sufficient to meet such requirements shall be final.

53. Piping of Crude Oil.—The lessee shall be free to construct or operate such pipelines as may be necessary for the purpose of carrying away crude oil or natural gas or the products thereof from the leased area to any part of India.

Provided that the pipeline shall not pass through any non-Indian territory except with the written permission of the Central Government.

54. Conditions of mining lease.—Every mining lease shall, in addition to such other conditions as may in any particular case be found necessary, contain the following conditions:—

(a) The lessee shall pay royalty on all crude oil or natural gas won and saved from the leased area, at the rates specified in the schedule to these rules.

(n) The lessee shall pay, for every year except the first year of the lease, a fixed yearly dead rent at the following rates:—

Rs. 2 per acre for the first 10 sq. miles;

Rs. 3 per acre for the next 40 sq. miles,

Rs. 5 per acre for the next 50 sq. miles,

Rs. 10 per acre for area exceeding the first 100 sq. miles;

Provided that the lessee shall be liable to pay only the dead rent or the royalty, whichever be higher in amount, but not both.

(ii) The lessee shall also pay for the surface area actually used by him for the purposes of the operations conducted under the lease, surface rent at such rate not exceeding the land revenue and cesses assessable on the land, as may be specified by the Provincial Government in the lease.

(iv) The lessee shall make reasonable satisfaction and pay such compensation, as may be assessed by lawful authority in accordance with the law in force on the subject applying to the lands over which the lease has been granted, for any damage, injury or disturbance which may be done by him in exercise of the powers granted by the lease and shall indemnify the Government against all claims which may be made by third parties in respect of any such damage, injury or disturbance.

(v) Unless the Provincial Government for good cause permits otherwise, the lessee shall commence operations within one year from the date of execution of the lease, and shall thereafter carry them on in a proper, skilful and workmanlike manner.

Explanation—For the purposes of this clause, operations shall include the erection of machinery, laying of a tramway or construction of a road in connection with the oilfield.

(vi) The lessee shall, at his own expense, erect and at all times maintain and keep in repair boundary marks and pillars necessary to indicate the demarcation shown in the plan annexed to his lease.

(vii) The lease shall contain such restrictions and conditions with regard to the cutting and use of reserved timber as may be agreed upon between the Provincial Government and the lessee.

(viii) The lessee shall not, without the previous permission of the proper authority, erect any building or carry on any surface operations upon any public pleasure ground, burning or burying ground or place held in trust by any class of persons, or any village site, or public road, nor shall he interfere with any right-of-way, well or tank.

(ix) The lessee shall not carry on, or allow to be carried on, any boring operations at any point within a distance of 50 yards from any railway line, except with the written permission of the Railway Administration concerned, or from any reservoir, canal or other public works or buildings except with the previous permission of the Provincial Government. The Railway Administration or the Provincial Government, may, in granting such permission impose such conditions as it may deem fit.

(x) The lessee shall not intentionally cause any boring to deviate from the vertical in such a way as to cross a vertical plane passing through a boundary of the land covered by the lease or employ any method of drilling which is causing or is likely to cause a boring to deviate to such extent and in such direction as to cross such a vertical plane.

(xi) The lessee shall provide properly constructed and efficient tank meters and other suitable means for measuring the quantity and volume of petroleum or natural gas produced.

(xii) The lessee shall keep correct accounts showing the quantity and other particulars of petroleum or natural gas obtained and despatched from the oilfield, the number of persons employed therein, and complete plans of the oilfield, and shall allow any officer authorised by the Central or the Provincial Government in that behalf to examine at any time, any accounts, plans and records maintained by him, and shall furnish the Central or the Provincial Government, with such information and returns as it may prescribe.

(xiii) The lessee shall keep accurate records of the drilling, deepening, plugging or abandonment of all bore holes and wells and of any alterations to the casings thereof, and shall allow any officer authorised by the Central or Provincial Government to inspect the same. Such records shall contain the following particulars:—

- (a) The strata and subsoil through which the bore hole or well was drilled;
- (b) The casing inserted in any borehole or well and any alteration to such casing;
- (c) Any petroleum or water bearing strata, coal seams, seams and veins of any other mineral substance encountered;
- (d) Such other matter as the Central or the Provincial Government may from time to time require.

(xiv) The lessee shall strengthen and support to the satisfaction of the Railway Administration concerned, or the Provincial Government, as the case may be, any part of the mine which in its opinion requires such strengthening or support for the safety of any Railway, reservoir, canal, road or any other public works or structures.

(xv) The lessee shall allow any officer authorised by the Central or the Provincial Government to enter upon any building, excavation or land comprised in the lease for the purpose of inspecting the same.

(xvi) The lessee shall allow reasonable facilities of access to existing or future holders of licenses or leases over any land which is comprised in or adjoins or is reached by the land held by him.

(xvii) The lessee shall, without delay, report to the Provincial Government the discovery in the area comprised in his lease, of any mineral other than petroleum or natural gas.

(xviii) The lessee shall not be controlled by any Trust, Syndicate, Corporation, firm or person, except with the written consent of the Provincial Government, which shall be subject to the approval of the Central Government.

(xix) (1) In case of a national emergency in respect of petroleum, the Central Government shall, at all time, have the right of pre-emption of the refined petroleum or petroleum products produced from the crude oil extracted from the area held under lease, or of the crude oil where the lessee is permitted to sell, export or dispose of it without refining:

Provided that the fair market price prevailing at the time of pre-emption shall be paid to the lessee, for the petroleum or petroleum products taken in pre-emption.

(2) Notwithstanding anything contained in rule 64, the Central Government shall be the sole judge as to what constitutes a national emergency in respect of petroleum, and its decision in this respect shall be final.

(xx) Should the royalty or rent payable by the lessee be not paid within two months next after the date fixed in the lease for the payment of the same, the Provincial Government may enter upon the premises comprised in the lease and distrain any moveable property therein, and may order the sale of the property so distrained or so much of it as will suffice for the satisfaction of the royalty or rent due and all costs and expenses occasioned by the non-payment thereof; and if any royalty or rent remains at any time unpaid for six calendar months next after the date on which it is due, the Provincial Government may determine the lease and take possession of the premises demised therein:

Provided that if any dispute regarding the royalty or rent shall have been submitted to arbitration the period of two months or of six months, as the case may be, shall run from the date of announcement of the award.

(xxi) In case of breach of any of the conditions of the lease by the lessee or his transferee or assignee, the Provincial Government may, where it is satisfied that the breach is such as cannot be remedied, on giving thirty days' notice to the lessee or his transferee or assignee, forfeit the whole or part of the deposit made under rule 45 or determine the lease. In case the Provincial Government considers the breach to be of a remediable nature, it shall give notice to the lessee, or his transferee or assignee, as the case may be, requiring him to remedy the breach within sixty days from the date of the receipt of the notice and informing him of the penalty proposed to be inflicted if such remedy is not made within such period:

Provided that if the lessee, or his transferee or assignee, claims that he has not committed any such breach, or that the penalty proposed therefor is unduly severe, or that the breach is of a remediable nature, he may submit the dispute to arbitration as provided in rule 64, within thirty days from the date of receipt of the notice, and if he does so, the Provincial Government shall not take any action under this clause till the award of the arbitration is announced, and, in case the arbitrators or the umpire find that a breach has been committed and that it is of a remediable nature, the sixty days' time for remedying the same shall run from the date of announcement of the award.

(xvii) The lessee shall be at liberty to determine the lease or surrender or relinquish any part of the leased area, on giving not less than twelve calendar months' notice in writing to the Provincial Government.

55. Operations within a reserved or protected forest. All operations conducted under the authority of these rules within a reserved or protected forest shall be subject to such conditions as the Provincial Government may prescribe.

56. Reserved forest. Every mining lease which includes any portion of a reserved forest shall, if it authorises the lessee to fell timber for the purpose of his operations, specify the terms and conditions upon which he may exercise that authority.

CHAPTER VI.

Miscellaneous.

57. Direct application for prospecting license or mining lease. Any person holding a Certificate of Approval for petroleum may apply directly for prospecting a license or a mining lease.

58. Rights of lessee. An exploring or prospecting license or mining lease for petroleum or natural gas shall contain, consistent with these rules, such covenants regarding the liberties, powers and privileges to be exercised or enjoyed by the licensee or lessee, as may be necessary.

59. Force majeure. Failure on the part of a licensee or lessee to fulfil any of the terms and conditions of his license or lease shall not give the Central or Provincial Government any claim against the licensee or lessee or be deemed a breach of the license or lease in so far as such failure arises from *force majeure*, and if through *force majeure* the fulfilment by the licensee or lessee of any of the terms and conditions of his license or lease be delayed, the period of such delay shall be added to the periods fixed by the license or lease.

Explanation.—The expression "force majeure" includes an act of God, war, insurrection, riot, civil commotion, tide, storm, tidal wave, flood, lightening, explosion, fire, earthquake, and any other happening which the licensee or lessee could not reasonably prevent or control.

60. Stipulations in case of an alien or company incorporated outside India. In granting a license, or a lease where a license has not previously been held, to a person who is not an Indian citizen, or a Company which is not incorporated in India, the Provincial Government, on advice by the Central Government, may

(i) require the licensee or lessee to associate Indian Capital in the enterprise to such extent as may be agreed upon between him and the Provincial Government;

(ii) require the licensee or lessee to employ Indian citizens at all levels in the organisation to such extent as may be agreed upon between him and the Provincial Government and to arrange for their training in India and abroad to enable them to occupy those appointments.

61. Application of these rules to all renewals. Where an exploring or prospecting license or a mining lease granted before the commencement of these rules is renewed after such commencement, these rules shall apply in relation to such renewal as they apply in relation to the renewal of an exploring or prospecting license or a mining lease granted after such commencement.

62. Forwarding of copies of reports. The Provincial Government shall send copies of all reports received by it under rules 24, 38 and clause (XVII) of rule 54 to the Director, Indian Bureau of Mines.

63. Fair market price.—For the purpose of clause (XIX) of rule 54 'fair market price' at any time shall mean the published price at that time of similar commodities in a substantial free market in any part of the world, with such adjustments as may be necessary.

CHAPTER VII.

Disputes and Arbitration.

64. Arbitration for breaches etc. (1) In case of any dispute between the Provincial Government and the licensee or lessee regarding:—

- (a) any right claimed by the licensee or lessee under the license or lease;
- (b) any breach alleged to have been committed by the licensee or lessee of any covenant contained in his license or lease, or any penalty proposed to be inflicted therefor;
- (c) the amount of royalty or rent payable under the license or lease; or
- (d) the amount of compensation payable to the lessee in the event of acquisition of his property; or
- (e) any other matter or thing connected with the license or lease :

The matter in dispute shall be settled by two arbitrators, one to be nominated by the Provincial Government and the other by the licensee or lessee; or in case of disagreement between the arbitrators, by an umpire appointed by the arbitrators by writing under their hands before proceeding with the arbitration, and the decision of such arbitrators or umpire shall be final.

(2) The arbitrators or the umpire will also determine which party shall bear the expenses of the arbitration or whether the expenditure shall be divided between the two parties and if so, in what proportion.

65. Arbitration for pre-emption. In case of any dispute regarding the price to be paid for petroleum or natural gas taken in pre-emption by the Central Government, the matter in dispute shall be settled by two arbitrators, one to be nominated by the Central Government and the other by the lessee; or, in case of disagreement between the arbitrators, by an umpire appointed by the arbitrators by writing under their hands before proceeding with the arbitration, and the decision of such arbitrators or umpire shall be final. The arbitrators or umpire will also determine which party shall bear the expenses of the arbitration or whether the expenditure shall be divided between the two parties, and if so, in what proportion.

CHAPTER VIII.

Revision.

66. Application for revision. Any person aggrieved by an order of a Provincial Government refusing to grant or renew a Certificate of Approval, an exploring, prospecting license, or a mining lease, may, within two months of the date of such order, apply to the Central Government for revising the order.

67. Application fee. An application for revision under rule 66 shall be accompanied by a fee of Rs. 100/-.

68. Revision. Upon receipt of such application, the Central Government may, if it thinks fit, call for the relevant records and other information from the Provincial Government, and after considering any explanation that may be offered by the Provincial Government cancel the order of the Provincial Government or revise it in such manner as the Central Government may deem just and proper.

69. Finality of order. The order of the Central Government under rule 68 and subject to such order and the provisions of rules 64 and 65, any order of the Provincial Government under these rules, shall be final.

SCHEDULE.**Royalty**

Petroleum.—10 per cent on the well-head value, convertible at the option of the Provincial Government to an equivalent charge to be fixed annually, subject to a minimum of annas eight per 40 Imperial gallons, excluding water and foreign substance.

Natural gas.—If sold by the licensee or lessee or if utilised by him for any other purpose than the production of natural petroleum or natural gas—10 per cent on the well-head value.

Gasoline from gas.—On gas converted into gasoline the well-head value shall be calculated on the volume of gasoline manufactured: it shall be deemed to be equivalent to the selling value of the gasoline less the cost of manufacture, and the royalty shall be subject to a minimum of annas eight per 40 Imperial gallons of gasoline manufactured:

Provided that the 10 per cent royalty rate shall be convertible at the option of the Provincial Government to an equivalent charge per 40 Imperial gallons of gasoline (not being less than annas eight) or per 1,000 cubic feet of gas, as the case may be, to be fixed annually.

Explanation.—"Well-head value" shall be the published price of crude oil of similar type and quality in a substantial free market in any part of the world, where such market may exist, with suitable adjustments to bring the price back to the well-head value of that crude.

Oil shale: To be fixed by negotiation between the lessee and the Provincial Government

E. B. PAYMASTER.

Depy. Secy. to the Government of India.

CONSTITUENT ASSEMBLY OF INDIA

New Delhi, the 29th December, 1949.

NOTIFICATION

No. CA/76/Ser/49.—In pursuance of sub-rule (1) of rule 5-A of the Constituent Assembly Rules, as amended by this Secretariat Notification No. CA/48/Ser/49-III, dated the 7th December, 1949, published in the Gazette of India, Extraordinary, dated the 9th December, 1949, the President of the Constituent Assembly is pleased to notify that the seat of the member of the Assembly specified in column 1 of the Schedule annexed hereto, representing the State specified in column 2 of that Schedule, shall, by virtue of the provisions of clause (3) of article 879 of the Constitution of India, become vacant as from the 26th January, 1950.

SCHEDULE

(1) Name of Member	(2) Name of State.
1 Shri Bhawanji Arjun Khimji	Kutch.
	By Order,
	S. N. MUKERJEE. Jt. Secy.

